



General Assembly

February Session, 2012

Committee Bill No. 144

LCO No. 2219

02219SB00144CE_

Referred to Committee on Commerce

Introduced by:
(CE)

AN ACT EXPANDING THE STATE'S TAX INCREMENTAL FINANCING PROGRAMS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-23zz of the 2012 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2012*):

4 (a) For the purpose of assisting (1) any information technology
5 project, as defined in subsection (ee) of section 32-23d, which is located
6 in an eligible municipality, as defined in subdivision (12) of subsection
7 (a) of section 32-9t, [or] (2) any remediation project, as defined in
8 subsection (ii) of section 32-23d, or (3) any project for redevelopment,
9 as provided in chapter 130, or any municipal development project, as
10 provided in chapter 132, the Connecticut Development Authority may,
11 upon a resolution of the legislative body of a municipality, issue and
12 administer bonds which are payable solely or in part from and secured
13 by: (A) A pledge of and lien upon any and all of the income, proceeds,
14 revenues and property of such a project, including the proceeds of
15 grants, loans, advances or contributions from the federal government,
16 the state or any other source, including financial assistance furnished

17 by the municipality or any other public body, (B) taxes or payments or
18 grants in lieu of taxes allocated to and payable into a special fund of
19 the Connecticut Development Authority pursuant to the provisions of
20 subsection (b) of this section, or (C) any combination of the foregoing.
21 Any such bonds of the Connecticut Development Authority shall
22 mature at such time or times not exceeding thirty years from their date
23 of issuance and shall be subject to the general terms and provisions of
24 law applicable to the issuance of bonds by the Connecticut
25 Development Authority, except that such bonds shall be issued
26 without a special capital reserve fund as provided in subsection (b) of
27 section 32-23j and, for purposes of section 32-23f, only the approval of
28 the board of directors of the authority shall be required for the
29 issuance and sale of such bonds. Any pledge made by the municipality
30 or the Connecticut Development Authority for bonds issued as
31 provided in this section shall be valid and binding from the time when
32 the pledge is made, and revenues and other receipts, funds or moneys
33 so pledged and thereafter received by the municipality or the
34 Connecticut Development Authority shall be subject to the lien of such
35 pledge without any physical delivery thereof or further act. The lien of
36 such pledge shall be valid and binding against all parties having
37 claims of any kind in tort, contract or otherwise against the
38 municipality or the Connecticut Development Authority, even if the
39 parties have no notice of such lien. Recording of the resolution or any
40 other instrument by which such a pledge is created shall not be
41 required. In connection with any such assignment of taxes or payments
42 in lieu of taxes, the Connecticut Development Authority may, if the
43 resolution so provides, exercise the rights provided for in section 12-
44 195h of an assignee for consideration of any lien filed to secure the
45 payment of such taxes or payments in lieu of taxes. All expenses
46 incurred in providing such assistance may be treated as project costs.

47 (b) (1) Any proceedings authorizing the issuance of bonds under
48 this section may contain a provision that taxes or a specified portion
49 thereof, if any, identified in such authorizing proceedings and levied
50 upon taxable real or personal property, [or both,] taxable sales, taxable

51 personal income or any combination thereof, in a project each year, or
52 payments or grants in lieu of such taxes or a specified portion thereof,
53 by or for the benefit of any one or more municipalities, districts or
54 other public taxing agencies, as the case may be, shall be divided as
55 follows:

56 [(1)] (A) (i) In each fiscal year that portion of the real and personal
57 property taxes or payments or grants in lieu of taxes which would be
58 produced by applying the then current tax rate of each of the taxing
59 agencies to the total sum of the assessed value of the taxable property
60 in the project on the date of such authorizing proceedings, adjusted in
61 the case of grants in lieu of taxes to reflect the applicable statutory rate
62 of reimbursement, shall be allocated to and, when collected, shall be
63 paid into the funds of the respective taxing agencies in the same
64 manner as taxes by or for said taxing agencies on all other property are
65 paid; and [(2)] (ii) that portion of the assessed taxes or the payments or
66 grants in lieu of taxes, or both, each fiscal year in excess of the amount
67 referred to in [subdivision (1) of this subsection] subparagraph (A)(i) of
68 this subdivision shall be allocated to and when collected shall be paid
69 into a special fund of the Connecticut Development Authority to be
70 used in each fiscal year, in the discretion of the Connecticut
71 Development Authority, to pay the principal of and interest due in
72 such fiscal year on bonds issued by the Connecticut Development
73 Authority to finance, refinance or otherwise assist such project, to
74 purchase bonds issued for such project, or to reimburse the provider of
75 or reimbursement party with respect to any guarantee, letter of credit,
76 policy of bond insurance, funds deposited in a debt service reserve
77 fund, funds deposited as capitalized interest or other credit
78 enhancement device used to secure payment of debt service on any
79 bonds issued by the Connecticut Development Authority to finance,
80 refinance or otherwise assist such project, to the extent of any
81 payments of debt service made therefrom.

82 (B) (i) In each fiscal year that portion of the sales tax which would be
83 produced by applying the sales tax revenues generated by the project

84 in the calendar year prior to the date of such authorizing proceeding
85 shall be allocated to and, when collected by the Department of
86 Revenue Services, shall be paid into the General Fund; and (ii) that
87 portion of the sales tax revenues each fiscal year in excess of the
88 amount referred to in subparagraph (B)(i) of this subdivision shall be
89 allocated to and, when collected by the Department of Revenue
90 Services, shall be paid into a special fund of the Connecticut
91 Development Authority to be used in each fiscal year, in the discretion
92 of the Connecticut Development Authority, to pay the principal of and
93 interest due in such fiscal year on bonds issued by the Connecticut
94 Development Authority to finance, refinance or otherwise assist such
95 project, to purchase bonds issued for such project or to reimburse the
96 provider of or reimbursement party with respect to any guarantee,
97 letter of credit, policy of bond insurance, funds deposited in a debt
98 service reserve fund, funds deposited as capitalized interest or other
99 credit enhancement device used to secure payment of debt service on
100 any bonds issued by the Connecticut Development Authority to
101 finance, refinance or otherwise assist such project, to the extent of any
102 payments of debt service made therefrom.

103 (C) (i) In each fiscal year that portion of the personal income tax
104 which would be produced by applying the personal income tax paid
105 by employees of companies affected by the project in the calendar year
106 prior to the date of such authorizing proceeding shall be allocated to
107 and, when collected by the Department of Revenue Services, shall be
108 paid into the General Fund; and (ii) that portion of the income tax paid
109 each fiscal year in excess of the amount referred to in subparagraph
110 (C)(i) of this subdivision shall be allocated to and, when collected by
111 the Department of Revenue Services, shall be paid into a special fund
112 of the Connecticut Development Authority to be used in each fiscal
113 year, in the discretion of the Connecticut Development Authority, to
114 pay the principal of and interest due in such fiscal year on bonds
115 issued by the Connecticut Development Authority to finance, refinance
116 or otherwise assist such project, to purchase bonds issued for such
117 project or to reimburse the provider of or reimbursement party with

118 respect to any guarantee, letter of credit, policy of bond insurance,
119 funds deposited in a debt service reserve fund, funds deposited as
120 capitalized interest or other credit enhancement device used to secure
121 payment of debt service on any bonds issued by the Connecticut
122 Development Authority to finance, refinance or otherwise assist such
123 project, to the extent of any payments of debt service made therefrom.

124 (2) Unless and until the total assessed valuation of the taxable
125 property in a project exceeds the total assessed value of the taxable
126 property in such project as shown by the last assessment list referred to
127 in subparagraph (A) of subdivision (1) of this subsection, all of the
128 taxes levied and collected and all of the payments or grants in lieu of
129 taxes due and collected upon the taxable property, taxable sales or
130 taxable personal income in such project shall be paid into the funds of
131 the respective taxing agencies. When such bonds and interest thereof,
132 and such debt service reimbursement to the provider of or
133 reimbursement party with respect to such credit enhancement, have
134 been paid in full, all moneys thereafter received from taxes or
135 payments or grants in lieu of taxes upon the taxable property, taxable
136 sales or taxable personal income in such development project shall be
137 paid into the funds of the respective taxing agencies in the same
138 manner as taxes on all other property, sales or personal income are
139 paid. The total amount of bonds issued pursuant to this section which
140 are payable from grants in lieu of taxes payable by the state shall not
141 exceed an amount of bonds, the debt service on which in any state
142 fiscal year is, in total, equal to one million dollars.

143 (c) The authority may make grants or provide loans or other forms
144 of financial assistance from the proceeds of special or general
145 obligation notes or bonds of the authority issued without the security
146 of a special capital reserve fund within the meaning of subsection (b)
147 of section 32-23j, which bonds are payable from and secured by, in
148 whole or in part, the pledge and security provided for in section 8-134,
149 8-192, 32-227 or this section, all on such terms and conditions,
150 including such agreements with the municipality and the developer of

151 the project, as the authority determines to be appropriate in the
152 circumstances, provided any such project in an area designated as an
153 enterprise zone pursuant to section 32-70 receiving such financial
154 assistance shall be ineligible for any fixed assessment pursuant to
155 section 32-71, and the authority, as a condition of such grant, loan or
156 other financial assistance, may require the waiver, in whole or in part,
157 of any property tax exemption with respect to such project otherwise
158 available under subsection (59) or (60) of section 12-81.

159 (d) As used in this section, "bonds" means any bonds, including
160 refunding bonds, notes, temporary notes, interim certificates,
161 debentures or other obligations; "legislative body" has the meaning
162 provided in subsection (w) of section 32-222; and "municipality" means
163 a town, city, consolidated town or city or consolidated town and
164 borough.

165 (e) For purposes of this section, references to the Connecticut
166 Development Authority shall include any subsidiary of the
167 Connecticut Development Authority established pursuant to
168 subsection (l) of section 32-11a, and a municipality may act by and
169 through its implementing agency, as defined in subsection (k) of
170 section 32-222.

171 (f) In the case of a remediation project, as defined in subsection (ii)
172 of section 32-23d, that involves buildings that are vacant, underutilized
173 or in deteriorating condition and as to which municipal real property
174 taxes are delinquent, in whole or in part, for more than one fiscal year,
175 the amount determined in accordance with subdivision (1) of
176 subsection (b) of this section may, if the resolution of the municipality
177 so provides, be established at an amount less than the amount so
178 determined, but not less than the amount of municipal property taxes
179 actually paid during the most recently completed fiscal year. If the
180 Connecticut Development Authority issues bonds for the remediation
181 project, the amount established in the resolution shall be used for all
182 purposes of subsection (a) of this section.

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| This act shall take effect as follows and shall amend the following sections: |
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| Section 1 | July 1, 2012 | 32-23zz |
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Statement of Purpose:

To expand tax incremental financing to include blended financing from property tax, sales tax and income tax.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

Co-Sponsors: SEN. LOONEY, 11th Dist.

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